

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (01/06):**

BUTTER: Grade AA closed at \$1.4000. The weekly average for Grade AA is \$1.4050(+.0650).

CHEESE: Barrels closed at \$1.3400 and blocks at \$1.3675. The weekly average for barrels is \$1.3400 (N.C.) and blocks, \$1.3675 (-.0006).

BUTTER: Butter producers and handlers were surprised at the firmness in the cash butter price at the CME during the week. Heavy churning activity and slower sales are two factors that are contributing to this uncertainty. Churning activity during the yearend holiday period was quite strong and continues so into the new year from coast to coast. Surplus cream offerings were heavy. Most butter producers were able to inventory holiday production for future needs, although some printers indicated that demand was sufficient to limit their inventory build up. Overall butter demand is lighter as buyers continue to assess their supply situation following the holiday period before re-ordering.

Note: The CME announced that beginning Monday, January 9, 2006, Spot Call Butter will be traded a full five days a week. All trading times and contract specifications will remain the same. Butter producers, handlers and traders have been anticipating this move for a number of weeks, but question what impact this may have on cash and futures pricing.

CHEESE: The cheese market is steady. After the extended yearend holiday season, new business is still slow to develop. Shipments of pre-holiday orders have increased. Most cutting and processing operations were continuing to operate on holiday abbreviated schedules again this week. Cheese production was heavier over the holiday weekend though returned to more normal levels by midweek. Estimated January – November 2005 cheddar production totals 2.79 billion pounds, up 43 million pounds (1.6%) from the same period in 2004. Total cheese output for the same period in 2005 totals 8.32 billion pounds, up 217 million pounds (2.7%) from the same period a year ago.

FLUID MILK: In the Northeast, milk output is holding steady at low levels, with scattered instances of slight increases. Milk production is increasing slowly in much of the Southeast, but recent heavy rains have slowed the gains in some areas. Central production remains seasonally low, although increases are starting to occur. In California, widespread and often heavy rains have created some problems in the production and hauling of milk. However, the full extent of the effect is still developing. Arizona's milk output is trending higher and moving off the seasonal low levels. In the Pacific Northwest, wet conditions are again causing some problems with milk production. Bottling operations from coast to coast geared back up to

typical levels following the yearend holidays. Most schools have resumed classes, thus school lunch bottling pipelines are once again full. Milk volumes over the holiday period were not as heavy as anticipated, although some surplus milk did move to outside areas for processing. Cream markets are generally weak. Heavy volumes of surplus cream were available to Class IV operations over the holidays and early this week as Class II operations remained shuttered or were just gearing back up.

DRY PRODUCTS: Production of most dry dairy products remains heavy in response to increased milk volumes available for manufacture during the holidays. NDM prices dropped significantly as export shipments, at lower price levels, exceeded higher priced domestic movement at the year end. Speculation that NASS NDM prices, a benchmark for most NDM sales, would rebound was affirmed in NASS reports released today. Buttermilk markets are weak as stocks continue to build. Increased offerings are noted at lower prices. Whey markets remain firm in response to strong domestic and export interest. Limited supplies of whey are encouraging increased interest in lactose. First quarter lactose prices are higher with supplies generally short of buyer interest. WPC stocks are trending long on a weak market.

CCC: During the week of January 2 - 6, there was no dairy price support activity.

DECEMBER AGRICULTURE PRICES (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in December 2005 was unchanged at 143. Compared with December 2004, the index was up 9 points (6.7%). The index of prices received by farmers for dairy products declined 3 points during the month of December 2005 to 113. Compared with December 2004, the index was down 13 points (10.3%). Prices received by farmers in December with changes from November were: for All Milk, \$14.70, down \$.40; Fluid Grade Milk, \$14.80, down \$.30; and for Manufacturing Grade Milk, \$14.40, unchanged.

NOVEMBER DAIRY PRODUCTS: Butter production was 110.1 million pounds during November, 8.6% higher than last November and 2.7 above last month. American type cheese production totaled 312.2 million pounds, 3.2% above November 2004 and 0.2% above October 2005. Total cheese output (excluding cottage cheese) was 761.5 million pounds, 0.9% higher than last November and 0.4% above October 2005. Current monthly dry dairy product output and the comparison to November 2004 are as follows: Human food NDM, 89.2 million pounds, up 6.4%; dry whole milk 2.0 million pounds, off 52.3%; dry buttermilk 4.4 million pounds, up 19.6%; human food quality dry whey 81.1 million pounds, up 5.0%.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

PRODUCT	MONDAY JANUARY 2	TUESDAY JANUARY 3	WEDNESDAY JANUARY 4	THURSDAY JANUARY 5	FRIDAY JANUARY 6	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	NO	\$1.3400 (N.C.)	\$1.3400 (N.C.)	\$1.3400 (N.C.)	\$1.3400 (N.C.)	(N.C.)	\$1.3400 (N.C.)
40# BLOCKS	TRADING	\$1.3675 (N.C.)	\$1.3675 (N.C.)	\$1.3675 (N.C.)	\$1.3675 (N.C.)	(N.C.)	\$1.3675 (-.0006)
BUTTER GRADE AA	HOLIDAY	----	\$1.4100 (+.0650)	----	\$1.4000 (-.0100)	(+.0550)	\$1.4050 (+.0650)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2.

CHICAGO MERCANTILE EXCHANGE

MONDAY, JANUARY 2, 2006

HOLIDAY, NO TRADING

TUESDAY, JANUARY 3, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JANUARY 4, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.3675; OFFERS UNCOVERED: NONE

BUTTER — SALES: 4 CARS GRADE AA: 1 @ \$1.3700, 1 @ \$1.3650, 1 @ \$1.3725, 1 @ \$1.4100; BIDS UNFILLED: 16 CARS GRADE AA: 4 @ \$1.4000, 1 @ \$1.3900, 2 @ \$1.3825, 2 @ \$1.3775, 1 @ \$1.3650, 2 @ \$1.3400, 2 @ \$1.3350, 2 @ \$1.3300; OFFERS UNCOVERED: NONE

THURSDAY, JANUARY 5, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: 3 CARS 40# BLOCKS @ \$1.3675; OFFERS UNCOVERED: NONE

FRIDAY, JANUARY 6, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 2 CARS GRADE AA: 1 @ \$1.3975, 1 @ \$1.4000; BIDS UNFILLED: 2 CARS GRADE AA @ \$1.3900; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ \$1.4050, 1 @ \$1.4100, 1 @ \$1.4200, 1 @ \$1.4300

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.9800 and Grade A at \$0.9950. (The last price change for Extra Grade occurred December 14 and the last price change for Grade A occurred October 24.) The weekly average for Extra Grade is \$0.9800 (N.C.) and Grade A is \$0.9950 (N.C.).

BUTTER MARKETS**NORTHEAST**

The butter market remains weak. However, the CME cash butter price during the holiday-shortened week saw the average increase 0.67 cents. Churning activity in the Northeast remains heavy and most butter makers were operating at or very near capacity levels. Cream suppliers report that many loads of excess cream were shipped to Midwest churning facilities. Demand for butter is slower and following typical post-holiday patterns. Packaged butter needs are easing as retailers assess their inventories before reordering. Demand for bulk remains lackluster. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

At midweek, the cash butter price of \$1.4100 is the highest cash price since mid November. Some producers and handlers are questioning why the cash price is firm when demand had dropped and production is strong. During the recent holiday period of the year, cream supplies were readily available and butter production facilities were at or very near capacity levels. Large quantities of butter were generated which basically ended up in inventory. Butter orders this week are lower as buyers assess inventories following the holiday period. Also slowing sales is the higher price. Buyers that are purchasing at this time are hesitant to over order and are hopeful that the current firm trend will not last too long. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

WEST

Cash butter prices at the CME market fell to \$1.3300 on December 19, before increasing late last week. That price is the lowest since December 2003. This week on January 4, prices increased 6 1/2 cents to stand at \$1.41. NOTE: NEXT WEEK CASH BUTTER TRADING AT THE CME WILL GO TO DAILY TRADING. Butter production has been heavier than anticipated for the last month. Cream has been readily available and ending up in the churns. So much fresh butter has been offered that less than usual amounts have come out of the freezer. By the end of this week, end users should know how their holiday sales stacked up with early estimates and decide how much to reorder. Early indications are that sales activity at retail was fair to good. Food service sales are being called a bit better than estimated. With heavy milk production noted in the region, it is anticipated that cream offers and butter production will remain heavy seasonally. CME weekly butter stocks reported from two weeks ago declined 807,000 pounds to round out 2005. Stocks declined since late July which is the normal pattern. Stocks bottomed at 26.9 million pounds at the end of the year compared to a low last year of 8.7 million pounds and 55.9 million pounds in 2003. This past week stocks began to increase again and were up 3.55 million pounds. Prices for bulk butter range from 2 cents under to 4 1/2 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
DECEMBER 31	1.4266	1.4075	1.0007	1.3222	0.3306
	8,204,107	10,752,345	8,730,358	2,252,979	9,413,375

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are sharply lower on natural and process items; unchanged on Swiss. The market tone is weak. Slower demand coupled with heavy volumes of surplus milk pushed the CME Cash cheese prices lower early last week. In the Northeast, cheese output is steady to heavier as most cheese makers are being offered increasing volumes of milk. These volumes will likely ease as bottling gets back on line, but most producers see no tightness in milk availability in the coming weeks and months. Demand for cheese is still fairly brisk, but slower following the holiday season. Retailers are assessing their post holiday inventories before reordering. Food service orders are also slowing, but expected to hold up through the NFL playoff season.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.4500-1.9700
Cheddar Single Daisies	:	1.4075-1.8825
Cheddar 40# Block	:	1.5075-1.7800
Process 5# Loaf	:	1.5500-1.7925
Process 5# Sliced	:	1.5700-1.8000
Muenster	:	1.5225-1.7225
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is unsettled though real new supply and demand news is slow in developing thus far in 2006. Prognosticators remain active in forecasting milk and cheese production and prices for 2006. Buyers are still receiving and reviewing holiday movement data after the holiday break before reordering. Most packagers and processors continue to operate on abbreviated holiday schedules (4 days) again this week. Natural chunk and shred demand remains stronger than process. Natural offerings seem to be at least adequate for needs. Shipments of finished product has picked up in 2006 where buyers were minimizing their yearend inventory. Manufacturing schedules remained heavy early in the week due to slower Class I use. Cheese yields remain strong.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.5900-1.8400
Brick And/Or Muenster 5#	:	1.8400-1.9150
Cheddar 40# Block	:	1.7175-2.2650
Monterey Jack 10#	:	1.8800-2.2650
Blue 5#	:	2.2175-2.5300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5450-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.4300-2.8900

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

			:	
	01/02/06	11,601	:	125,224
REVISED	12/26/05	11,057*	:	126,342*
DATA FOR	CHANGE	+544	:	-1,118
COMPARISON	% CHANGE	+5	:	-1

12/26 DATA ADJUSTED TO REFLECT THE ELIMINATION OF A LARGE,
MAINLY BUTTER STORAGE FACILITY IN 2006.

WEST

Average prices for block cheese were sharply lower at the cash CME market last week. Holiday sales have been completed and it is a little early for Super Bowl activity yet. Contacts are wondering if there will be a rebound in prices since milk and cheese production is quite heavy. By the end of this week or early next week, end users should have a good idea how end of the year sales totaled up. Swiss sales activity was good for the holiday season. Mozzarella sales are good, but not quite heavy enough to absorb all the current production. Demand for cheese going into the process side of the market is seasonally quite good with off grade cheese supplies in close balance with needs.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4925-1.7500
Cheddar 40# Block	:	1.4875-1.7875
Cheddar 10# Cuts	:	1.6675-1.8875
Monterey Jack 10#	:	1.6775-1.8375
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices are steady on imported types; sharply lower on domestic varieties. Demand is often slower as holiday parties are passed, but expected to hold fairly steady through January and up to Super Bowl weekend. Imports will likely resume as 2006 import licenses are issued. The firmer U.S. Dollar is helping make imports a little more attractive.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-4.6300	1.7625-3.2525*
Gorgonzola	3.6900-5.9400	2.2725-2.4900*
Parmesan (Italy)	TFEWR	3.1775-3.2825*
Romano (Italy)	2.1000-3.1900	-0-
Provolone (Italy)	3.4400-6.0900	1.7625-2.0000*
Romano (Cows Milk)	-0-	2.9600-5.1025*
Sardo Romano (Argentina)	2.8500-3.2900	-0-
Reggianito (Argentina)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	3.1200-4.1500	-0-
Swiss Cuts Switzerland	-0-	2.4500-2.6500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.5600	-0-
Gouda, Large	TFEWR	-0-
Gouda, Baby (\$/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	20	0	0	0	30
SOUTHEAST STATES	0	0	0	0	0	0

The following are the December 2005 Class and component prices under the Federal Milk Order pricing system: Class II \$13.22 (down \$.27 from November), Class III \$13.37 (up \$.02), and Class IV \$12.57 (down \$0.33). The following are the product price averages used in computing Class prices: butter \$1.3680, NDM \$0.9899, cheese \$1.3964 and dry whey \$0.3242. The Class II butterfat price is \$1.5106 and the Class III/IV butterfat price is \$1.5036. Milk production is increasing slowly in much of the Southeast, but recent heavy rains have slowed the gains in some areas. In the Northeast, the milk flow is mostly steady with scattered instances of slight increases. Fluid milk supplies are excessive, but as bottling plants get back up to normal operating levels, surplus milk volumes are easing. However, many manufacturing plants are still not totally caught up with their holiday milk volumes. Excess milk volumes were not as heavy as anticipated in the Northeast, but a little heavier than expected in the Southeast. Florida's milk needs are not increasing as thought and handlers there still had to export some milk to find processing. Schools are mostly back in session and the school lunch pipelines are again full. The condensed skim market remains weak. Supplies, like milk, are excessive of current needs and some loads were moved to Class IV channels at discounted prices as a way to ease the pressure on local dryers. The fluid cream market is rebounding slightly, but offerings are long and demand is slowly returning to pre-holiday levels. However, sales into egg nog, bottled cream and other "holiday items" have either ceased or returned to typical levels. Class II spot prices are mixed, generally higher. Last week's CME butter average increased fractionally and multiples were steady to higher, reflecting the return of Class II orders. Some contacts wonder why, at a time of such heavy cream volumes and slower butter demand, the CME butter price increased. Some ice cream plants are getting back on line after being down for much of the holiday period. Those plants that stayed open did benefit from the low cream prices during that period. Cream cheese output is off slightly. There have been anecdotal reports that some cream cheese makers are trying to get the same low multiples on spot cream purchases that butter producers have been paying. Such a posture apparently met with mixed success. Churning activity is still very heavy, but there are fewer loads of cream being offered to butter makers. Some loads continued to be shipped to the Midwest early this week and local butter makers were as much as twelve hours behind on cream processing.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.5008-1.6750
DELIVERED EQUIVALENT ATLANTA	-	1.5276-1.7152 M 1.5812-1.6884
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5410-1.6750

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:

NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.0200-1.0900
NORTHEAST- CLASS III - SPOT PRICES	-	1.0500-1.1200

M I D W E S T

Retail Class I interest is generally sluggish though bottlers noted a pickup in school account business as schools reopened after the holiday break. A bottler did note improvement in orders for late in the week as some promotions were planned. Class II interest is also light. Manufacturing plant schedules were generally heavy over the long holiday weekend and some operations needed until around midweek to reduce milk silos back to normal levels. Reported plant problems were generally minor, and overall milk supplies were handled with relative ease. Some reports also say the offered volumes were lighter than the previous holiday weekend. Reported spot milk prices depend on whether it occurred over the holiday weekend (lowest) or after the holiday. Reported spot prices range from -\$1.00 delivered to around \$1.25 over class fob. Some offers of around -\$1.50 to -\$2.00 were received in the northeast part of the region. Some loads reportedly did have some mileage on them to get to the plant. Cream supplies remain heavy and churning remains active. Many cream tankers remain full as are tanker parking lots. Some

ice cream operations are increasing schedules to build inventory while cream prices are relatively low and definitely more available than summer. Milk intakes are steady to generally higher though some operations report lower intakes where reports indicate that a larger share of cows are scheduled to freshen soon. Some managers noted that their December fat and protein tests increased from November. Temperatures remain above normal seasonally (some daily low temperatures above freezing) in the upper tier of states though with extended foggy and damp conditions. Dry conditions continue in Texas and Oklahoma where wild fires remain a concern. Some very late season tillage occurred in Wisconsin in the past week where a partially frozen crust allowed some deep tillage.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	DEC 29 - JAN 4	PREVIOUS YEAR
SLAUGHTER COWS	\$ 47.00- 52.00	\$ 48.00- 53.50
REPLACEMENT HEIFER CALVES	\$400.00-725.00	\$350.00-550.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	DEC 29 - JAN 4	PREVIOUS YEAR
SLAUGHTER COWS	\$ 45.00- 54.00	\$ 47.00- 55.50

W E S T

December hay prices, according to the NASS survey, are \$6 higher for the U.S. compared to last year and stand at \$92 per ton. Prices for selected Western states and their changes from last year are as follows: California \$136 +\$22, Idaho \$119 +\$11, New Mexico \$121 +\$4, and Washington \$116 +\$8. The December 4a price (butter/powder) in CALIFORNIA is \$12.11, \$0.40 lower than November and \$0.86 less than last year. This compares to the Federal Order Class IV price for December at \$12.57. The December 4b price (cheese) is \$13.25, up 56 cents from November but \$1.74 lower than last year. This compares to the Federal Order Class III price for December at \$13.37. The widespread and often heavy rains across CALIFORNIA have created some problems in the production and hauling of milk. However, the full extent of the effect is still developing. Rains at the farm level create more issues at dairies with open lots. Plants in the state were beginning to return to normal schedules as the year end holiday milk handling ceased. Problems this season were few and minor. Bottled milk orders increased as schools return from breaks. Some areas in the North had problems with flooding of roads and then issues of not getting trucks to pickup milk on a timely basis. Some processing plants in that area limited milk intakes in anticipation of problems, like flooding or losing power. There are concerns about pastures and feed supplies being saturated. Wind damage was also cited in print reports as affecting some dairies. Rains were heavy and intense in parts of the Central Valley. No initial effects on milk production were noted. The South also experienced rain with limited initial impact on milk production. Milk hauling into and around the area was impacted to some extent. ARIZONA milk production is trending higher and moving off the seasonal low levels. Conditions have been good for milk cows with temperatures expected to be 80 degrees at the end of the week, which would be record highs. Plants ran well over the holidays and processed surplus local and out of state milk. Volumes were higher than anticipated, but were handled easily. School and retail fluid milk needs were higher this week. The CREAM market in the region remains weak. Surplus loads are being offered at lower prices. Buying interest remains slow to redevelop from ice cream, cream cheese, and sour cream accounts. Butter churners continue to be the avenue to process surplus cream. Out of region shipments continue to be needed to place cream. The Grade AA butter price at the CME increased 7.5 cents since last week to close at \$1.4100 on January 4. Cream multiples range from 104 to 119, FOB, and vary depending on class usage and basing point. Wet conditions are again causing some problems with milk production in the PACIFIC NORTHWEST. The storms have been coming in, one right after the other and not allowing much time for drying out. Open feed lots are very wet and herd health issues are becoming more of an issue. The storm has been warm with the snow line quite high. In fact, quite a bit of the low snow has come out further adding to flooding issues in some watersheds. Mountain passes have been closed for various lengths of time, but this has not disrupted transportation schedules all that much. Some producers are struggling with moving feed and forage around efficiently to get it to their milking herds. Conditions are also relatively warm and wet in UTAH and IDAHO. Snow is only common at higher elevations and mud is common in the valleys. Herd health stress is increasing with more mastitis noted. Heifer markets remain firm and are likely to continue that way with the amount of expansion plans in the works for Idaho through the year.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to lower on a steady to weak market. Production of condensed skim increased significantly during the holidays, encouraging custom dryers and regular manufacturers to increase dryer schedules for low heat NDM. As a result, increased sales are reported to some end-users and brokers at lower prices. Although NASS prices reported during the week prior were lower and market prices are trending weak, both traders and manufacturers expect higher prices to follow in response to reduced export sales at the lower price levels. High heat production is light with supplies generally short of buyer interest.

EAST: Prices are lower as the NASS average (the basis for most NDM sales), declined significantly last week. Also, some producers have adjusted their January energy surcharge lower. The sharp drop in the NASS average was attributed to the clearances of large volumes of lower priced NDM for export that had to be shipped prior to the end of the year. Contacts speculate that this week's NASS average will rebound. Production levels have been and continue to be heavy. Most Eastern dryers ran at capacity levels throughout the holidays and well into this week. Some moved a few loads of distressed condensed skim to ease the pressure on their dryers and other plant equipment. Producer stocks are building as sales were slower at the end of the year. Demand is fairly good as some buyers place order while the prices are more favorable.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .9825 - 1.0650 MOSTLY: 1.0225 - 1.0650
 HIGHHEAT: 1.0225 - 1.1350

NONFAT DRY MILK - WEST

The Western NDM market prices are sharply lower this week. Two pricing indexes declined around 4 to 5 cents. The contributing factors for the indexes declining were the drop in domestic shipments over the year end and the increased deliveries of export sales at lower prices, which also were void of additional energy surcharges. Also, other producers have lowered prices to keep stocks from building. Some sales prices have been suggested to have traded at yet lower levels, but not confirmed. (This week, one of the indexes increased what it had declined the prior week.) Dryers have been active and full over the last weeks and schedules are returning to normal levels. Milk production is higher across the region. Domestic demand has been slow to return after the holidays. Buyers are mainly filling in for immediate needs. Usage of NDM and skim milk in cheese production is light to fair. High heat NDM prices moved lower. Buying interest is light to fair with limited seasonal confectionary demand noted. Drying has been limited in recent weeks by dryer availability. Stocks are adequate for current needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .9100 - .9900 MOSTLY: .9400 - .9825
 HIGHHEAT: 1.0000 - 1.0375

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
December 30	\$.9954	5,172,823	0
December 23	\$.9412	13,673,995	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices remain unchanged on a weak market. Offerings are noted at the average or lower for the very light interest. Most buyers are anticipating lower market prices and therefore reluctant to buy. With increased churn activity during the holidays, increased production of dry buttermilk is reported. Currently, producers are not burdened by building supplies and as a result, not aggressively pursuing sales. Competitive prices reported in the coastal areas may alter producer perspectives.

F.O.B. CENTRAL: .8600 - .9325

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower, particularly the delivered Southeast prices. With lower priced dry buttermilk in the Central and Western regions, delivered prices are moving lower. The market tone is mostly unchanged at weak levels. Some year-end inventory considerations were noted, but orders are returning to near normal levels. Production levels are moderate to heavy as churning activity remains heavy. Producer stocks are growing as the heavy output during the holidays outpaced sales.

F.O.B. NORTHEAST: .9300 - 1.0050
 DELVDSOUTHEAST: .9300 - 1.0000

DRY BUTTERMILK - WEST

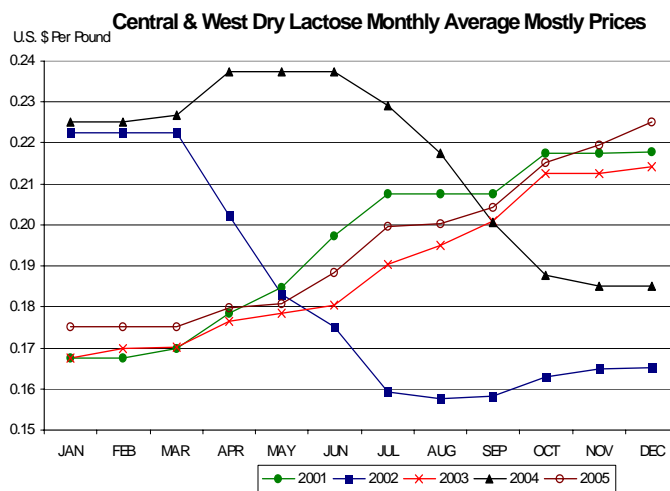
Prices moved sharply lower on the bottom end of the range and the mostly series. The impact of lower prices in other regions and the build up of product has been stressing the market in recent weeks. Offerings have been higher as greater volumes of cream have entered churns. The subsequent buttermilk production and light demand have cause stocks to grow. Buyers have been reluctant to make purchases, especially as prices dropped elsewhere.

F.O.B. WEST: .8700 - .9600 MOSTLY: .8800 - .9050

DRY WHOLE MILK - NATIONAL

Prices are mostly higher and the market tone is unchanged. Production levels have been lighter as most producers have been busy making NDM. AS surplus milk volumes ebb, more dry whole milk may be produced. Demand continues to be mostly contractual.

F.O.B. PRODUCING PLANT: 1.3200 - 1.3800



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are higher on a firm market. Supplies are mixed. Although some plants report that they are sold out, brokers note that supplies are available. Some offerings are noted at a premium yet without the standard energy surcharge. Production is steady to higher in response to increased production during the holidays. Grade A supplies are tight and generally not available on a spot basis. Limited supply availability of whey is encouraging some buyers to seek alternatives such as lactose or dry whey permeate. However, supplies of these dry dairy products are also limited in trade. Feed grade trade is nominal. Feed whey supplies are limited for the good interest.

F.O.B. CENTRAL: .3200 - .3500 MOSTLY: .3275 - .3475
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3000 - .3275

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to fractionally higher. The market tone is mostly steady, but contacts report that more spot offerings, direct from producers, is showing up. Not all producers have spot loads to offer, but the spot market does not seem as tight as it was, at least for this week. Those spot loads are easily clearing to regular accounts at normal premiums. Energy surcharges continue to be the hot topic. Dry whey production is heavier as most Eastern cheese makers took in increased volumes of milk during the holidays and more condensed whey was being offered. Producer stocks are still reported as tight, despite the aforementioned spot availability. Demand is about steady. Some renewed orders are noted, which is a typical early-January pattern.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3375 - .3525
DELVD SOUTHEAST: .3550 - .3800

DRY WHEY - WEST

Both range and mostly prices increased this week in more active, post-holiday trading. Buyers are aggressively looking for powder and there is a little more available due to heavier production over the past few weeks. End of the year holiday and transportation issues have not done much to disrupt this market. Demand is firm and inventories are generally light to nonexistent. World whey prices also continue to increase and thus are not very competitive.

NONHYGROSCOPIC: .3200 - .3700 MOSTLY: .3400 - .3525

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels were heavier during the holiday period, but are starting to ease this week as milk volumes return to more normal levels. Demand has slowed, which is a normal pattern for the post-holiday period. Retailers are assessing their inventories before re-ordering more product.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.50 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a weak market. Offerings are noted, predominantly from the Central region, for the light interest. Supplies are mixed with stocks in good balance in the West and somewhat long in the Central. Grade A supplies are short of buyer interest. Extra Grade sales are noted at a discount into Asia and Mexico. Production of WPC 34% is steady to slightly higher in response to increased supplies of condensed WPC available during the holidays. WPC 80% remains competitive with WPC 34% into end-user operations that can readily adapt their formulations. Traders speculate that the CCC invitation to buy approximately 4,031,143 pounds of NDM for restricted use will further weaken the WPC 34% market. Offers are due on January 10 with public release on January 12. Off grade supplies of WPC 34% and 80% are available for the fair interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .7850 - .8450 MOSTLY: .7950 - .8150

LACTOSE - CENTRAL AND WEST

Prices are higher on a firm market. Most contractual trade for the first quarter is complete with the exception of some trade in Asia. Inquiries are noted from Europe, Asia, Mexico and some domestic buyers. Producers suspect that the increased interest may, in part, be in response to the short supply of whey in the industry. Competition for contractual interest appears to be limited internationally with US producers generally competing with each other. Spot trade is very light. Traders report that they cannot source supplies unless they have a contract in place. The undertone for first quarter is firm. Feed grade supplies are limited for the good interest and often traded within the range.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .2200 - .2650 MOSTLY: .2200 - .2400

CASEIN - NATIONAL

A new quarter has begun and prices are lower. U.S. need is declining which is causing casein producers throughout the world to closely monitor their production in relationship to projected needs. Some European operations have already ceased production with others considering reducing their output during the upcoming production season. Currently, stocks appear to be fully available for acid needs with rennet tight. Some domestic casein buyers state that they have adjusted their product formulations to introduce other proteins rather than the more expensive and sometimes questionable availability of casein. They also stated that they will probably not reintroduce casein back into their formulations since they have found alternative sources that provide good results. The recent announcement by CCC of the pending sale of approximately 1 million pounds of government owned nonfat dry milk for the production of casein/caseinate has potential buyers questioning who will buy this and at what price. For many of those that had previously been involved with this program, they have shut down their operations and are not planning on gearing back up for this minimal amount, especially not knowing if further offers are forthcoming.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.1500 - 3.2700
ACID: 3.0800 - 3.2700

EVAPORATED MILK - NATIONAL - see adjacent column

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	12/21	12/22	12/23	12/26	12/27	12/28	12/29	12/30	01/02	01/03
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
DEC 05	13.40 (2098) 30	13.38 (2102) 40	13.40 (2102) 54	NO TRADING	13.40 (2102) 0	13.40 (2102) 0	13.40 (2099) 0	13.37 (1954) 0	NO TRADING	13.37 (265) 0
JAN 06	13.55 (2346) 112	13.34 (2408) 192	13.28 (2443) 86		13.11 (2415) 130	13.15 (2440) 91	13.18 (2439) 25	13.25 (2437) 35		13.27 (2427) 129
FEB 06	12.87 (1984) 93	12.80 (1998) 87	12.82 (2026) 98		12.75 (2049) 101	12.78 (2081) 106	12.85 (2090) 31	12.91 (2090) 33		13.17 (2486) 596
MAR 06	12.73 (1862) 50	12.70 (1871) 73	12.70 (1891) 37		12.65 (1895) 58	12.68 (1910) 94	12.75 (1933) 43	12.80 (1935) 29		12.95 (1991) 102
APR 06	12.62 (1717) 43	12.59 (1765) 87	12.64 (1788) 35		12.60 (1799) 44	12.60 (1841) 73	12.62 (1845) 23	12.65 (1844) 10		12.72 (1840) 27
MAY 06	12.58 (1656) 27	12.58 (1696) 70	12.58 (1724) 37		12.52 (1739) 36	12.51 (1784) 91	12.53 (1789) 20	12.58 (1796) 12		12.65 (1802) 23
JUN 06	12.72 (1574) 43	12.71 (1615) 67	12.71 (1645) 36		12.71 (1664) 39	12.71 (1704) 52	12.75 (1709) 13	12.73 (1709) 7		12.77 (1710) 17
JUL 06	13.16 (1233) 25	13.17 (1276) 57	13.17 (1309) 60		13.18 (1316) 7	13.16 (1349) 38	13.16 (1382) 39	13.16 (1389) 23		13.18 (1393) 9
AUG 06	13.40 (1205) 8	13.38 (1242) 51	13.38 (1258) 19		13.36 (1262) 6	13.36 (1278) 18	13.36 (1312) 47	13.35 (1369) 70		13.37 (1371) 4
SEP 06	13.60 (1256) 9	13.58 (1290) 53	13.56 (1305) 19		13.56 (1310) 7	13.55 (1326) 22	13.56 (1359) 49	13.55 (1413) 76		13.55 (1419) 10
OCT 06	13.16 (1233) 12	13.16 (1264) 45	13.16 (1283) 19		13.15 (1288) 5	13.14 (1335) 46	13.14 (1371) 46	13.12 (1424) 66		13.15 (1427) 4
NOV 06	12.85 (1180) 6	12.85 (1197) 25	12.85 (1206) 16		12.85 (1208) 2	12.84 (1266) 64	12.84 (1294) 37	12.85 (1301) 18		12.85 (1304) 4
DEC 06	12.75 (1186) 7	12.75 (1205) 25	12.75 (1216) 18		12.75 (1223) 7	12.74 (1277) 54	12.74 (1317) 56	12.74 (1332) 24		12.75 (1335) 4
JAN 07	12.51 (97) 0	12.51 (95) 10	12.51 (95) 0		12.51 (95) 0	12.51 (99) 4	12.50 (99) 0	12.50 (99) 0		12.50 (109) 10
FEB 07	12.30 (95) 0	12.31 (95) 3	12.31 (95) 0		12.31 (95) 0	12.25 (106) 11	12.25 (106) 1	12.25 (106) 0		12.25 (106) 0
MAR 07	12.40 (90) 0	12.42 (93) 3	12.42 (93) 0		12.42 (93) 0	12.42 (100) 8	12.42 (100) 0	12.42 (100) 0		12.42 (100) 0
APR 07	12.50 (42) 0	12.51 (42) 0	12.51 (44) 4		12.51 (44) 0	12.50 (51) 8	12.54 (58) 7	12.50 (58) 0		12.50 (58) 0
MAY 07	12.60 (50) 0	12.60 (50) 0	12.60 (50) 0		12.60 (50) 0	12.60 (60) 10	12.65 (64) 7	12.60 (66) 0		12.60 (68) 2
JUN 07	12.75 (42) 0	12.75 (42) 0	12.75 (42) 0		12.75 (42) 0	12.75 (46) 4	12.80 (46) 4	12.80 (46) 0		12.78 (46) 2
CME - (CLASS IV) MILK FUTURES -- Dollars per cwt.										
DEC 05	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	NO TRADING	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.57 (4) 0	NO TRADING	
JAN 06	12.70 (2) 0	12.70 (2) 0	12.70 (2) 0		12.70 (2) 0	12.70 (2) 0	12.70 (2) 0	12.70 (2) 0		12.70 (2) 0
FEB 06	12.60 (1) 0	12.60 (1) 0	12.60 (1) 0		12.60 (1) 0	12.60 (1) 0	12.60 (1) 0	12.60 (1) 0		12.60 (1) 0
CME - BUTTER FUTURES -- Cents per pound										
DEC 05	133.00 (2) 0	133.00 (2) 0	133.00 (2) 0	NO TRADING	133.00 (2) 0					
MAR 06	139.25 (173) 2	139.25 (173) 0	139.25 (173) 0		139.25 (173) 0	140.00 (173) 3	137.75 (174) 2	138.50 (174) 0	NO TRADING	138.50 (174) 0
MAY 06	141.00 (132) 3	141.00 (132) 0	141.00 (132) 0		141.00 (132) 0	140.00 (132) 1	140.00 (137) 6	141.00 (140) 3		141.00 (140) 0
JUL 06	144.00 (148) 7	144.00 (148) 2	144.00 (148) 0		144.00 (148) 0	144.00 (148) 0	144.00 (148) 0	144.00 (148) 0		144.00 (148) 0
SEP 06	145.75 (84) 6	145.75 (85) 1	145.75 (85) 0		145.75 (85) 0	145.75 (85) 0	145.75 (85) 0	145.75 (85) 0		145.75 (85) 0
OCT 06	146.00 (33) 0	146.00 (33) 0	146.00 (33) 0		146.00 (33) 0	146.50 (33) 0	146.50 (33) 0	146.50 (33) 0		146.50 (33) 0
CME – CASH BUTTER FUTURES -- Cents per pound										
DEC 05	136.00 (57) 0	135.75 (52) 5	136.00 (52) 0	NO TRADING	136.00 (52) 0	136.00 (52) 0	136.00 (52) 0	136.80 (52) 0	NO TRADING	
JAN 06	136.03 (163) 7	135.03 (174) 11	136.05 (174) 3		135.80 (174) 10	135.55 (174) 0	135.55 (174) 0	135.55 (174) 0		136.25 (174) 0
FEB 06	137.50 (178) 16	137.10 (177) 22	136.60 (183) 13		136.75 (183) 0	137.00 (183) 0	137.00 (183) 0	138.00 (192) 9		138.00 (202) 10
MAR 06	139.00 (136) 6	138.50 (143) 7	138.75 (143) 0		139.00 (143) 0	140.00 (149) 8	140.00 (149) 0	141.75 (157) 22		141.75 (157) 0
APR 06	139.03 (109) 0	139.50 (109) 4	140.25 (117) 10		140.25 (117) 0	140.25 (117) 0	140.25 (117) 0	140.00 (123) 6		140.00 (123) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered December 26, 2005 - January 6, 2006

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN OVERVIEW: Milk production in many of the EU-15 countries is starting to show signs of seasonal increases. Milk handlers feel that more producers, than in years past, will need to monitor their milk marketings as milk volumes increase to stay within quota levels. Although it is still very early in the new production season, producers and handlers state that early indicators are pointing to a strong season. Winter weather conditions are typical for many regions of Western Europe, but milder in instances. Most trading activity continues to center around an internal market. European calf milk feed buyers are actively sourcing standard grade powder for this purpose. International trading activity out of Europe is slow and unaggressive. Traders and handlers state that prices are too high to encourage buyers to sources from this region. A firm U.S. dollar against the Euro is also limiting buyer interest at this time. Year end holiday observances continue to occur in various parts of the world which traders feel will slow buyer interest until mid January. Stocks of European sourced dairy products vary. Supplies appear to be less available in Western regions versus Eastern Europe.

BUTTER/BUTTEROIL: European butter markets are generally steady at unchanged prices. The market undertone is weaker. Stocks of butter are reported to be readily available for internal and international buyer interest. Sales activity continues to center around an internal or domestic market with international sales reported as light. A firm U.S. dollar against the Euro is also limiting European sales at this time. Some traders and handlers feel that the dollar will weaken during the upcoming year which will hopefully help stimulate international sales.

82% BUTTERFAT:	1,900 - 2,125
99% BUTTERFAT:	2,350 - 2,650

SKIM MILK POWDER (SMP): European skim milk powder markets are steady to firm with prices unchanged to slightly higher. A firm U.S. dollar against the Euro is pushing European prices higher, which in turn further limits potential international buyer interest. Stocks of skim milk powder are reported as tight in Western Europe with some supplies available in Eastern European countries. Buying interest is basically centered around an internal EU animal feed market with international sales limited. Traders indicate that some international buyers are still observing holidays which will end by mid month at which time buyer interest may resume.

1.25% BUTTERFAT:	2,125 - 2,300
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WHOLE MILK POWDER (WMP): Whole milk powder markets are steady to firm with prices unchanged to higher. Traders and handlers state that a firm U.S. dollar is putting upward pricing pressure on international prices which will further limit buyer potential. Traders also state that prices will need to weaken before buyers will return to the marketplace. At this point, most sales activity is centered around an internal or domestic market.

26% BUTTERFAT:	2,150 - 2,300
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SWEET WHEY POWDER: Whey powder markets are steady to firm with prices unchanged to higher. Stocks of whey are limited. Traders and handlers question why stocks are as tight as they are, especially with cheese production as active as it is for this time of the year. Animal feed buyers, especially buyers for the calf milk industry, are reporting that supplies are very limited. Prices for an internal or domestic market are about 30 dollars lower than the international market. Traders state that at current prices, even if stocks were available, prices may be too high to attract international buyer interest at this time.

NONHYGROSCOPIC:	725 - 900
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EASTERN OVERVIEW: Milk production in Eastern Europe continues to hold steady at seasonally low levels. Usually, Eastern European countries trail milk production trends in Western Europe by about 3 - 4 weeks, thus minimal reports of increased production are occurring. Winter weather conditions are very typical and cold, thus milk handlers and producers feel that increases are still a ways off. Stocks of manufactured dairy products are available for internal and international buyer interest. In some instances, sales activity is being reported out of Eastern Europe, but buyers are from Western Europe or other EU countries.

OCEANIA

OCEANIA OVERVIEW: Milk production continues to edge lower seasonally in both Australia and New Zealand. Adverse weather patterns in both countries might push overall milk volumes lower on a steady basis. New Zealand producers continue to struggle with wet conditions. Early on in the production year, conditions were favorable, but adverse weather conditions quickly curtailed good growth. At this point of the season, now past the peak, unofficial reports indicate that milk output is trailing last season by about 2%. In Australia, milk production is running about 1% ahead of last year on a cumulative basis. Producers and handlers remain optimistic that this positive level will continue, but in recent days extreme temperature levels have been reported which could slow second half growth. Manufacturing schedules in both countries have been keeping pace with milk volumes. With milk volumes not up to expectation in New Zealand, manufacturing schedules for various dairy products are not at desired levels, although traders and handlers are not overly alarmed at this time. As is usually the case, much of the season's production is presold before the milk production season gets fully developed. In Australia, cumulative butteroil production for the first four months of the fiscal year (July - October) is running 40% ahead of last year with skim milk powder output running nearly 15% ahead. Buttermilk powder output is 1.2% above last year levels for the first four months. Butter production is trailing last year by 7.2% on a cumulative basis with cheese, whole milk powder, and whey trailing by 10.4%, 21.4%, and 5.9% respectively. At this point, most traders indicate that they are hesitant to acknowledge new or additional buyer interest and focusing production and distribution toward known and ongoing customer needs.

BUTTER: Oceania butter markets are generally steady although prices are slightly lower. The milk production season in both New Zealand and Australia is past the seasonal peak, thus churning activity is also edging lower. At this point of the season, traders and handlers indicate that butter stocks are sufficient to maintain steady shipments to international commitments, but are hesitant to consider new buyer inquiries.

82% BUTTERFAT:	1,850 - 2,050
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CHEDDAR CHEESE: Cheese markets are generally steady with prices slightly lower. Traders and handlers state that no new buyer interest is occurring at this time. Most market activity is centered around shipments of cheese to regular and ongoing customers. Stocks are reported to be sufficient to maintain steady and scheduled shipments.

39% MAXIMUM MOISTURE:	2,600 - 2,900
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SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady with prices unchanged to slightly lower. Stocks are reported to be sufficient for buyer needs with some traders and handlers reaching to outside sources to fully acknowledge international commitments. Traders and handlers are limiting their commitment to ongoing customer needs with additional buying interest usually going unfilled.

1.25% BUTTERFAT:	2,075 - 2,250
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WHOLE MILK POWDER (WMP): Oceania whole milk powder production is edging seasonally lower as milk production also declines. The market tone is basically steady although prices are slightly lower. Traders and handlers state that sales are slow as much of their supply was, for the most part, fully committed early in the season. Market activity continues to center around shipments to regular and ongoing customers.

26% BUTTERFAT:	2,100 - 2,250
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Exchange rates for selected foreign currencies: January 3, 2006

.8653 Canadian Dollar	.0222 Indian Rupee
.3292 Argentina Peso	.6849 New Zealand Dollar
.0940 Mexican Peso	.7409 Australian Dollar
.3140 Polish Zloty	.0086 Japanese Yen
	1.2014 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0940)=
10.6383 Mexican Pesos. Source: "Wall Street Journal"

MONTHLY SUMMARY AND AVERAGES FOR DECEMBER 2005 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 48 ::----- :: DEC 01 - 02	::REPORT NUMBER 49 ::----- :: DEC 05 - 09	::REPORT NUMBER 50 ::----- :: DEC 12 - 16	::REPORT NUMBER 51 ::----- :: DEC 19 - 23	::REPORT NUMBER 52 ::----- :: DEC 26 - 30	:: 2005 :: Average :: or Total	:: 2004 :: Average :: or Total
CHEESE							
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 1.5975 - 1.9200	:: 1.6300 - 1.8900	:: 1.6450 - 1.8900	:: 1.6450 - 1.8900	:: 1.6700 - 1.8900	:: 1.7678	: 1.9680
-- Brick And/Or Muenster 5#	:: 1.9200 - 1.9225	:: 1.8800 - 1.9550	:: 1.8800 - 1.9750	:: 1.8800 - 1.9775	:: 1.8800 - 2.0000	:: 1.9278	: 2.2100
-- Cheddar 40# Block	:: 1.7200 - 2.2650	:: 1.7525 - 2.2650	:: 1.7725 - 2.2650	:: 1.7700 - 2.2650	:: 1.7700 - 2.2650	:: 2.0135	: 2.0796
-- Monterey Jack 10#	:: 1.9500 - 2.2650	:: 1.9200 - 2.2650	:: 1.9200 - 2.2650	:: 1.9200 - 2.2650	:: 1.9200 - 2.2650	:: 2.0939	: 2.1852
-- Blue 5#	:: 2.2200 - 2.6200	:: 2.2525 - 2.5700	:: 2.2725 - 2.5700	:: 2.2725 - 2.5700	:: 2.2975 - 2.5700	:: 2.4217	: 2.6675
-- Mozzarella 5 - 6#	:: 1.5525 - 2.3650	:: 1.5850 - 2.3650	:: 1.6050 - 2.3650	:: 1.6075 - 2.3650	:: 1.6300 - 2.3650	:: 1.9835	: 2.1134
-- Grade A Swiss Cuts 6 - 9#	:: 2.4300 - 2.8900	:: 2.4300 - 2.8900	:: 2.4300 - 2.8900	:: 2.4300 - 2.8900	:: 2.4300 - 2.8900	:: 2.6600	: 2.6707
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	:: 1.4575 - 1.9775	:: 1.4900 - 2.0100	:: 1.5100 - 2.0300	:: 1.5125 - 2.0325	:: 1.5350 - 2.0550	:: 1.7669	: 1.9796
-- Cheddar Single Daisies	:: 1.4150 - 1.8900	:: 1.4475 - 1.9225	:: 1.4675 - 1.9425	:: 1.4700 - 1.9450	:: 1.4925 - 1.9675	:: 1.7019	: 1.9171
-- Cheddar 40# Block	:: 1.5150 - 1.7875	:: 1.5475 - 1.8200	:: 1.5675 - 1.8400	:: 1.5700 - 1.8425	:: 1.5925 - 1.8650	:: 1.7007	: 1.9247
-- Process 5# Loaf	:: 1.5575 - 1.7975	:: 1.5900 - 1.8300	:: 1.6050 - 1.8450	:: 1.6075 - 1.8475	:: 1.6300 - 1.8725	:: 1.7238	: 1.8993
-- Process 5# Sliced	:: 1.5775 - 1.8050	:: 1.6100 - 1.8375	:: 1.6250 - 1.8525	:: 1.6275 - 1.8550	:: 1.6500 - 1.8800	:: 1.7376	: 1.9396
-- Muenster	:: 1.5300 - 1.7300	:: 1.5625 - 1.7625	:: 1.5825 - 1.7825	:: 1.5850 - 1.7850	:: 1.6075 - 1.8075	:: 1.6794	: 1.9958
-- Grade A Swiss Cuts 10 - 14#	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.5500	: 2.5500
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 1.4975 - 1.7550	:: 1.5300 - 1.7875	:: 1.5450 - 1.8025	:: 1.5450 - 1.8025	:: 1.5725 - 1.8300	:: 1.6723	: 1.8680
-- Cheddar 40# Block	:: 1.4950 - 1.8475	:: 1.5300 - 1.8825	:: 1.5500 - 1.9025	:: 1.5500 - 1.9025	:: 1.5725 - 1.9250	:: 1.7218	: 1.9521
-- Cheddar 10# Cuts	:: 1.6750 - 1.8950	:: 1.7100 - 1.9300	:: 1.7300 - 1.9500	:: 1.7300 - 1.9500	:: 1.7525 - 1.9725	:: 1.8356	: 2.0659
-- Monterey Jack 10#	:: 1.6850 - 1.8450	:: 1.7200 - 1.8800	:: 1.7400 - 1.9000	:: 1.7400 - 1.9000	:: 1.7625 - 1.9225	:: 1.8156	: 2.0459
-- Grade A Swiss Cuts 6 - 9#	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.4750	: 2.4750
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	:: 1.7096 - 1.9058	:: 1.7792 - 1.9182	:: 1.7399 - 1.8906	:: 1.5980 - 1.8165	:: 1.4663 - 1.6533	:: 1.7396	: 2.3539
-- Atlanta - dlvd. equiv.	:: 1.7376 - 1.9338	:: 1.7931 - 1.9460	:: 1.7810 - 1.9180	:: 1.6116 - 1.8438	:: 1.4933 - 1.6800	:: 1.7654	: 2.3883
-- Upper Midwest - f.o.b	:: 1.7376 - 1.8217	:: 1.7375 - 1.8070	:: 1.7125 - 1.8221	:: 1.5707 - 1.7209	:: 1.4000 - 1.7200	:: 1.6948	: 2.3220
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.							
-- Class II	:: 1.0200 - 1.0800	:: 1.0200 - 1.0900	:: 1.0200 - 1.0900	:: 1.0200 - 1.0900	:: 1.0200 - 1.0900	:: 1.0545	: 0.9693
-- Class III	:: 1.0500 - 1.1200	:: 1.0500 - 1.1200	:: 1.0500 - 1.1200	:: 1.0500 - 1.1200	:: 1.0500 - 1.1200	:: 1.0850	: 1.1520
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	::19.5000 -30.0000	::19.5000 -30.0000	::19.5000 -30.0000	::19.5000 -30.0000	::19.5000 -30.0000	:: 24.7500	: 26.0000

MONTHLY SUMMARY AND AVERAGES FOR DECEMBER 2005 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 48 ::----- :: DEC 01 - 02	::REPORT NUMBER 49 ::----- :: DEC 05 - 09	::REPORT NUMBER 50 ::----- :: DEC 12 - 16	::REPORT NUMBER 51 ::----- :: DEC 19 - 23	::REPORT NUMBER 52 ::----- :: DEC 26 - 30	:: 2005 :: Average :: or Total	:: 2004 :: Average :: or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 1.0200 - 1.0875	:: 1.0200 - 1.0900	:: 1.0000 - 1.1000	:: 1.0200 - 1.1050	:: 1.0375 - 1.1100	:: 1.0597	: 0.8876
-- Mostly	:: 1.0300 - 1.0650	:: 1.0300 - 1.0650	:: 1.0200 - 1.0650	:: 1.0375 - 1.0650	:: 1.0375 - 1.0650	:: 1.0481	: 0.8757
-- High Heat	:: 1.0625 - 1.1350	:: 1.0650 - 1.1350	:: 1.0750 - 1.1350	:: 1.0800 - 1.1350	:: 1.0850 - 1.1350	:: 1.1050	: 0.9478
-- West (f.o.b.)							
-- Low/Medium Heat	:: 0.9200 - 1.0200	:: 0.9000 - 1.0200	:: 0.9100 - 1.0300	:: 0.9200 - 1.0350	:: 0.9200 - 1.0400	:: 0.9717	: 0.8857
-- Mostly	:: 0.9700 - 1.0200	:: 0.9500 - 1.0200	:: 0.9500 - 1.0250	:: 0.9500 - 1.0325	:: 0.9500 - 1.0375	:: 0.9899	: 0.8782
-- High Heat	:: 1.0100 - 1.0525	:: 1.0100 - 1.0525	:: 1.0100 - 1.0650	:: 1.0100 - 1.0700	:: 1.0000 - 1.0725	:: 1.0358	: 0.8776
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.3150 - 0.3500	:: 0.3150 - 0.3500	:: 0.3150 - 0.3500	:: 0.3200 - 0.3500	:: 0.3200 - 0.3500	:: 0.3336	: 0.2450
-- Mostly	:: 0.3150 - 0.3250	:: 0.3150 - 0.3250	:: 0.3150 - 0.3250	:: 0.3200 - 0.3350	:: 0.3200 - 0.3350	:: 0.3234	: 0.2425
-- West (f.o.b.)	:: 0.3000 - 0.3475	:: 0.3000 - 0.3525	:: 0.3025 - 0.3550	:: 0.3150 - 0.3600	:: 0.3150 - 0.3600	:: 0.3317	: 0.2549
-- Mostly	:: 0.3275 - 0.3400	:: 0.3325 - 0.3425	:: 0.3325 - 0.3450	:: 0.3375 - 0.3500	:: 0.3375 - 0.3500	:: 0.3403	: 0.2536
-- Northeast (f.o.b.)	:: 0.3300 - 0.3450	:: 0.3300 - 0.3450	:: 0.3300 - 0.3475	:: 0.3300 - 0.3475	:: 0.3375 - 0.3500	:: 0.3395	: 0.2563
-- Southeast (Delvd)	:: 0.3450 - 0.3700	:: 0.3450 - 0.3700	:: 0.3450 - 0.3700	:: 0.3450 - 0.3700	:: 0.3550 - 0.3775	:: 0.3595	: 0.2763
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.8175 - 0.8675	:: 0.8175 - 0.8600	:: 0.8000 - 0.8550	:: 0.8000 - 0.8450	:: 0.8000 - 0.8450	:: 0.8291	: 0.6502
-- Mostly	:: 0.8225 - 0.8375	:: 0.8200 - 0.8300	:: 0.8050 - 0.8250	:: 0.8050 - 0.8250	:: 0.8050 - 0.8250	:: 0.8186	: 0.6392
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.2900 - 0.3200	:: 0.2900 - 0.3200	:: 0.3000 - 0.3275	:: 0.3000 - 0.3275	:: 0.3000 - 0.3275	:: 0.3110	: 0.2107
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	:: 0.9100 - 0.9975	:: 0.9100 - 0.9550	:: 0.9100 - 0.9550	:: 0.8600 - 0.9325	:: 0.8600 - 0.9325	:: 0.9180	: 0.9199
-- West (f.o.b.)	:: 0.9100 - 0.9650	:: 0.9000 - 0.9650	:: 0.9000 - 0.9650	:: 0.9000 - 0.9650	:: 0.9000 - 0.9650	:: 0.9330	: 0.9402
-- Mostly	:: 0.9150 - 0.9250	:: 0.9100 - 0.9200	:: 0.9100 - 0.9200	:: 0.9000 - 0.9200	:: 0.9000 - 0.9100	:: 0.9120	: 0.9280
-- Northeast (f.o.b.)	:: 0.9600 - 1.0050	:: 0.9500 - 1.0050	:: 0.9500 - 1.0050	:: 0.9300 - 1.0050	:: 0.9300 - 1.0050	:: 0.9734	: 0.9448
-- Southeast (Delvd)	:: 0.9800 - 1.0600	:: 0.9800 - 1.0600	:: 0.9800 - 1.0600	:: 0.9600 - 1.0500	:: 0.9600 - 1.0100	:: 1.0086	: 0.9733
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.3500 - 1.4300	:: 1.2975 - 1.3600	:: 1.2975 - 1.3600	:: 1.2975 - 1.3700	:: 1.2975 - 1.3700	:: 1.3366	: 1.3718
LACTOSE							
-- Central And West (f.o.b.)	:: 0.2000 - 0.2500	:: 0.2000 - 0.2500	:: 0.2000 - 0.2500	:: 0.2000 - 0.2500	:: 0.2000 - 0.2500	:: 0.2250	: 0.1875
-- Mostly	:: 0.2050 - 0.2350	:: 0.2050 - 0.2350	:: 0.2050 - 0.2350	:: 0.2050 - 0.2350	:: 0.2050 - 0.2350	:: 0.2200	: 0.1850
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 3.2000 - 3.3500	:: 3.2000 - 3.3500	:: 3.2000 - 3.3500	:: 3.2000 - 3.3500	:: 3.2000 - 3.3500	:: 3.2750	: 2.9935
-- Nonrestricted - Acid	:: 3.2000 - 3.3000	:: 3.2000 - 3.3000	:: 3.2000 - 3.3000	:: 3.2000 - 3.3000	:: 3.2000 - 3.3000	:: 3.2500	: 2.9967

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR DECEMBER 2005

COMMODITY	REPORT NUMBER 48	REPORT NUMBER 49	REPORT NUMBER 50	REPORT NUMBER 51	REPORT NUMBER 52	2005 *	2004 *
	DEC 1 - 2	DEC 5 - 9	DEC 12 - 16	DEC 19 - 23	DEC 27 - 30	Monthly Average	Monthly Average
BUTTER*							
-- GRADE AA							
--Monday	::	:: 1.3700	:: 1.3700	:: 1.3300	:: #	::	:
--Tuesday	::	::	::	::	::	::	:
--Wednesday	::	:: 1.3700	:: 1.3700	:: 1.3350	:: 1.3350	::	:
--Thursday	::	::	::	::	::	::	:
--Friday	:: 1.3750	:: 1.3700	:: 1.3575	:: 1.3350	:: 1.3450	:: 1.3552	: 1.7083
--Weekly Average**	:: 1.3900	:: 1.3700	:: 1.3658	:: 1.3333	:: 1.3400	::	:
CHEESE*							
-- BARRELS							
--Monday	::	:: 1.3875	:: 1.3900	:: 1.4300	:: #	::	:
--Tuesday	::	:: 1.3950	:: 1.3975	:: 1.4300	:: 1.3400	::	:
--Wednesday	::	:: 1.3950	:: 1.3975	:: 1.4200	:: 1.3400	::	:
--Thursday	:: 1.3875	:: 1.3950	:: 1.3975	:: 1.4200	:: 1.3400	::	:
--Friday	:: 1.3875	:: 1.3950	:: 1.3975	:: 1.4000	:: 1.3400	:: 1.3896	: 1.5243
--Weekly Average**	:: 1.3790	:: 1.3935	:: 1.3960	:: 1.4200	:: 1.3400	::	:
-- 40# BLOCKS							
--Monday	::	:: 1.4250	:: 1.4350	:: 1.4600	:: #	::	:
--Tuesday	::	:: 1.4275	:: 1.4350	:: 1.4600	:: 1.3700	::	:
--Wednesday	::	:: 1.4275	:: 1.4250	:: 1.4600	:: 1.3675	::	:
--Thursday	:: 1.4175	:: 1.4300	:: 1.4300	:: 1.4525	:: 1.3675	::	:
--Friday	:: 1.4175	:: 1.4350	:: 1.4300	:: 1.4300	:: 1.3675	:: 1.4224	: 1.5923
--Weekly Average**	:: 1.4090	:: 1.4290	:: 1.4310	:: 1.4525	:: 1.3681	::	:
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	::	:: 0.9625	:: 0.9625	:: 0.9800	:: #	::	:
--Tuesday	::	:: 0.9625	:: 0.9625	:: 0.9800	:: 0.9800	::	:
--Wednesday	::	:: 0.9625	:: 0.9800	:: 0.9800	:: 0.9800	::	:
--Thursday	:: 0.9625	:: 0.9625	:: 0.9800	:: 0.9800	:: 0.9800	::	:
--Friday	:: 0.9625	:: 0.9625	:: 0.9800	:: 0.9800	:: 0.9800	:: 0.9725	: 0.8576
--Weekly Average**	:: 0.9625	:: 0.9625	:: 0.9730	:: 0.9800	:: 0.9800	::	:
-- GRADE A							
--Monday	::	:: 0.9950	:: 0.9950	:: 0.9950	:: #	::	:
--Tuesday	::	:: 0.9950	:: 0.9950	:: 0.9950	:: 0.9950	::	:
--Wednesday	::	:: 0.9950	:: 0.9950	:: 0.9950	:: 0.9950	::	:
--Thursday	:: 0.9950	:: 0.9950	:: 0.9950	:: 0.9950	:: 0.9950	::	:
--Friday	:: 0.9950	:: 0.9950	:: 0.9950	:: 0.9950	:: 0.9950	:: 0.9950	: 0.8576
--Weekly Average**	:: 0.9950	:: 0.9950	:: 0.9950	:: 0.9950	:: 0.9950	::	:

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

No trading.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, DECEMBER

Component Price Information: Under the Federal milk order pricing system, the butterfat price for December 2005 is \$1.5036 per pound. Thus, the Class II butterfat price is \$1.5106. The protein and other solids prices for December are \$2.3846 and \$0.1702 per pound, respectively. These component prices set the Class III skim milk price at \$8.40 per cwt. The December Class IV skim milk price is \$7.57 which is derived from the nonfat solids price of \$0.8414 per pound. **Product Price Averages:** The product price averages for December are: butter \$1.3680, nonfat dry milk \$0.9899, cheese \$1.3964, and dry whey \$0.3242.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/						
FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	DECEMBER 2005				JANUARY 2006
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) 4/	001	16.82	13.22	13.37	12.57	16.63
Appalachian (Charlotte) 5/	005	16.67	13.22	13.37	12.57	16.48
Southeast (Atlanta) 6/	007	16.67	13.22	13.37	12.57	16.48
Florida (Tampa) 7/	006	17.57	13.22	13.37	12.57	17.38
Mideast (Cleveland) 8/	033	15.57	13.22	13.37	12.57	15.38
Upper Midwest (Chicago) 9/	030	15.37	13.22	13.37	12.57	15.18
Central (Kansas City) 10/	032	15.57	13.22	13.37	12.57	15.38
Southwest (Dallas) 11/	126	16.57	13.22	13.37	12.57	16.38
Arizona-Las Vegas (Phoenix) 12/	131	15.92	13.22	13.37	12.57	15.73
Pacific Northwest (Seattle) 13/	124	15.47	13.22	13.37	12.57	15.28
All-Market Average	---	16.22	13.22	13.37	12.57	16.03

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.

2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

3/ Names in parentheses are the major city in the principal pricing point of the market.

4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90.

6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.

8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

12/ Class I price at Las Vegas is minus \$0.35.

13/ Class I prices at other cities are: Portland, same; and Spokane, same.

DECEMBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in December 2005 was unchanged at 143. Compared with December 2004, the index was up 9 points (6.7 percent). The index of prices received by farmers for dairy products declined 3 points during the month of December 2005 to 113. Compared with December 2004, the index was down 13 points (10.3 percent).

Prices received by farmers in December with changes from November were: for All Milk, \$14.70 per hundredweight (cwt.), down \$.40; Fluid Grade Milk, \$14.80 per cwt., down \$.30; and for Manufacturing Grade Milk, \$14.40 per cwt., unchanged.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., DECEMBER 2005 WITH COMPARISONS

STATE	All-milk price 1/ 3/				Milk cows 5/		Cows 6/		All hay baled 7/	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	NOVEMBER		DECEMBER		DECEMBER		DECEMBER		DECEMBER	
	2005 2/	2004 2/	2005 4/	2004 2/	2005	2004	2005 7/	2004 8/	2005	2004
CA	13.64	15.18	13.70	15.17	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		43.70	46.10	136.00	114.00
ID	13.60	15.50	13.50	15.10			44.50	46.90	119.00	108.00
MI	15.60	16.20	15.10	16.80			50.00	48.00	94.00	99.00
MN	15.20	16.70	15.00	17.00			50.00	50.60	70.00	71.00
NM	14.20	15.20	13.70	15.50			47.30	51.20	121.00	117.00
NY	16.00	17.00	15.00	17.20			---	---	117.00	121.00
PA	17.10	17.70	16.40	18.00			45.90	47.50	141.00	119.00
TX	15.50	16.30	15.30	16.70			43.70	48.20	91.00	75.00
WA	15.10	15.70	14.70	16.00			---	---	116.00	108.00
WI	15.50	16.90	15.30	17.50			47.50	48.60	115.00	78.00
U.S.	15.10	16.20	14.70	16.40			46.60	48.60	92.00	86.00

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., DECEMBER 2005 WITH COMPARISON

ITEM	DECEMBER 2004	NOVEMBER 2005 1/	DECEMBER 2005 2/
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	16.40	15.10	14.70
Fluid grade milk	16.40	15.10	14.80
Manufacturing grade milk	16.10	14.40	14.40
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	111	113	114
Prices received by farmers for dairy products	126	116	113
Prices paid by farmers for commodities and services, interest taxes, and wage rates	134	143	143
Prices paid by farmers for production items	132	142	142
Prices paid by farmers for feed	109	114	115
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/	3.67	3.46	3.28

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

SOURCE: "Agricultural Prices," Pr 1 (12/05), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

NOVEMBER 2005 DAIRY PRODUCTS HIGHLIGHTS

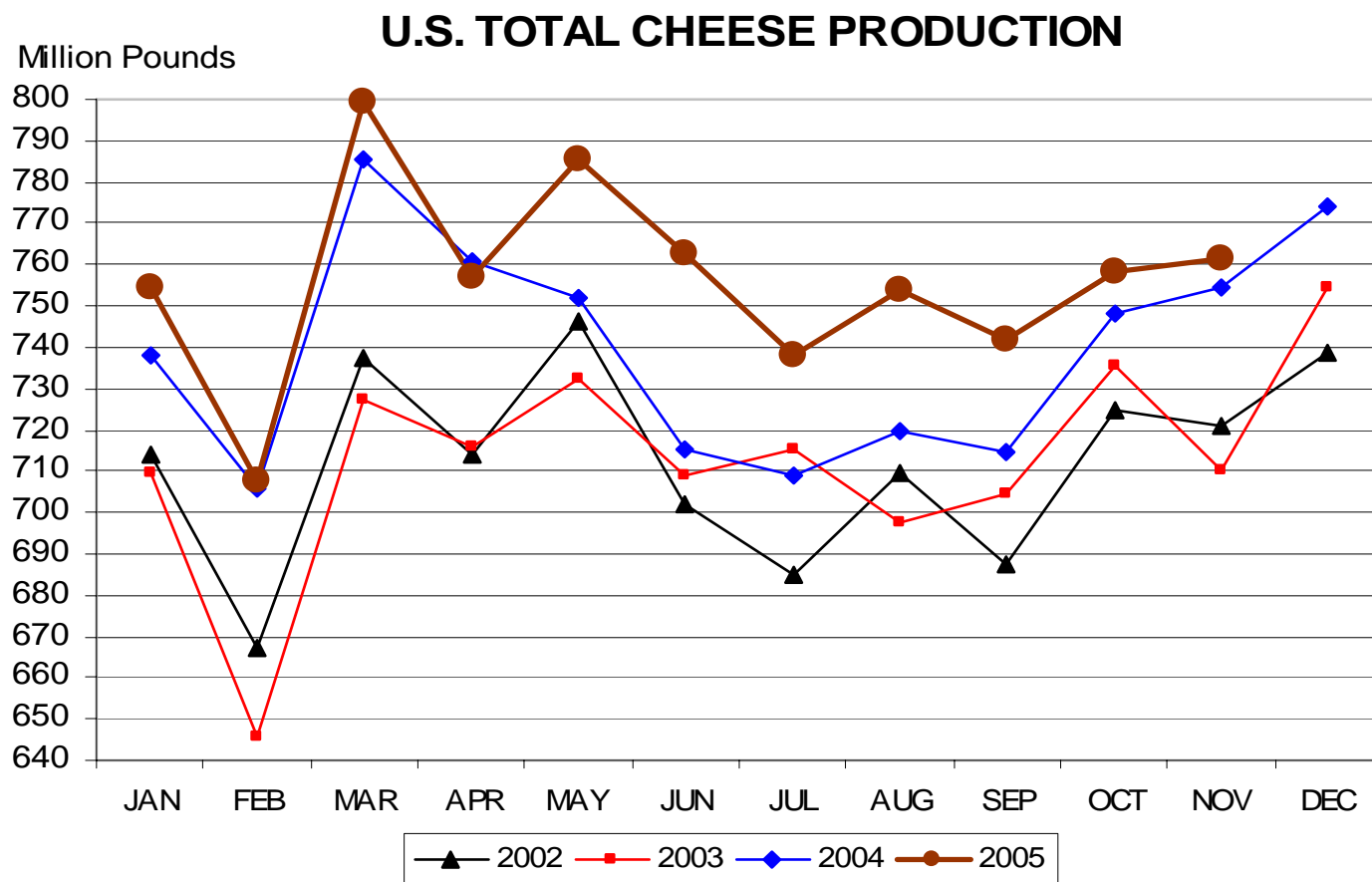
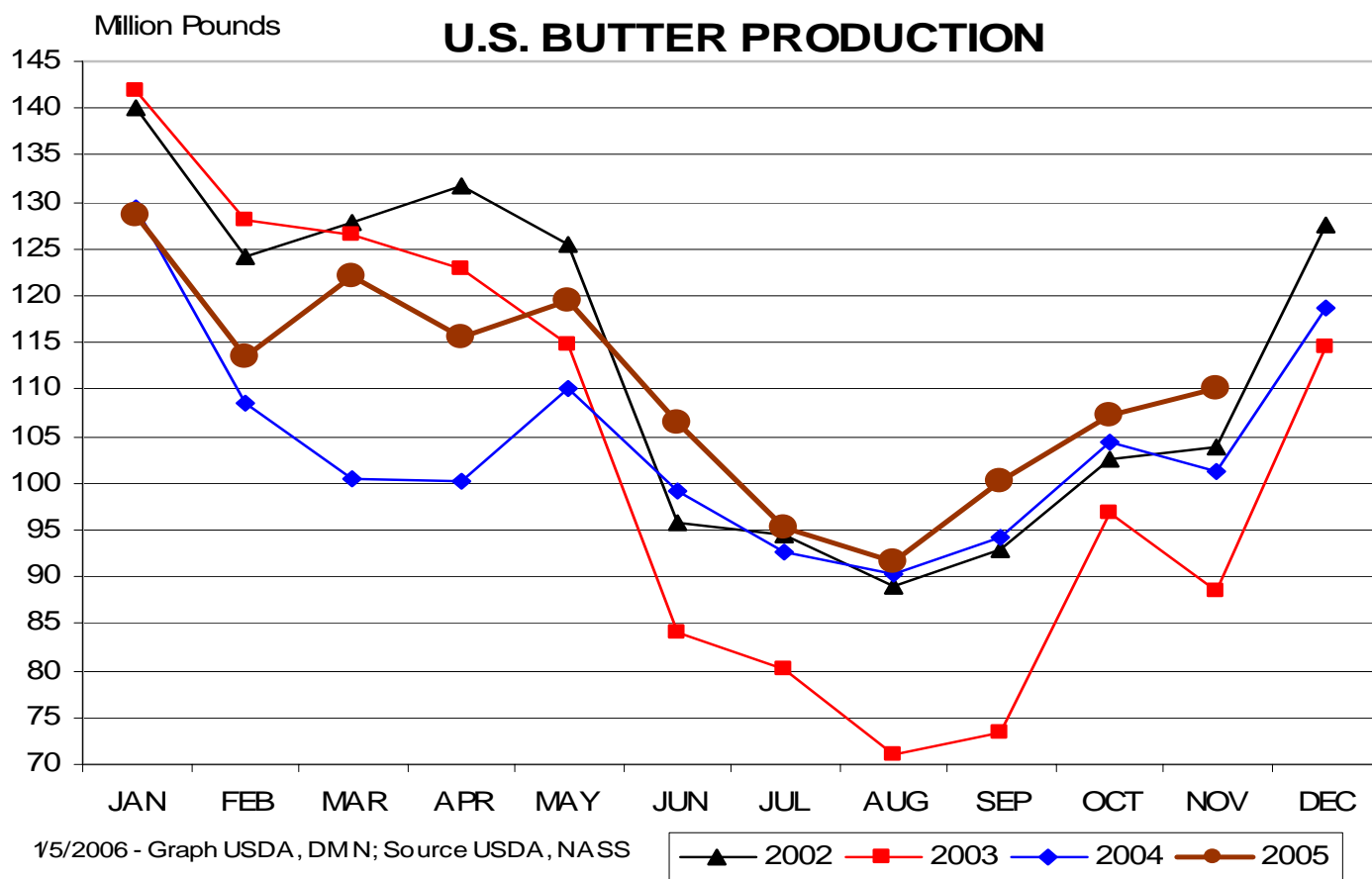
BUTTER production was 110.1 billion pounds in November, 8.6 percent above November 2004 and 2.7 percent above October 2005. **AMERICAN TYPE CHEESE** production totaled 312.2 million pounds, 3.2 percent above November 2004 and 0.2 percent above October 2005. **TOTAL CHEESE** output (excluding cottage cheese) was 761.5 million pounds, 0.9 percent above November 2004 and 0.4 percent above October 2005. **NONFAT DRY MILK** production, for human food, totaled 89.2 million pounds, 6.4 percent above November 2004 and 21.0 percent above October 2005. **DRY WHEY** production, for human food, was 81.1 million pounds, 5.0 percent above November 2004 and 7.0 percent above October 2005. **ICE CREAM** (hard) production totaled 61.8 million gallons, 4.6 percent above November 2004 but 10.0 percent below October 2005.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	NOV 2005	PERCENT CHANGE FROM:			PRODUCT	NOV 2005	PERCENT CHANGE FROM:		
	1,000 LBS.	NOV 2004	OCT 2005	YEAR TO DATE 1/		1,000 LBS.	NOV 2004	OCT 2005	YEAR TO DATE 1/
BUTTER	110,144	8.6	2.7	7.0	SOUR CREAM	107,207	3.0	20.0	4.5
CHEESE					YOGURT (PLAIN AND FLAVORED)	207,642	7.5	-12.3	7.3
AMERICAN TYPES 2/	312,178	3.2	0.2	2.0	CONDENSED WHEY, SOLIDS CONTENT 6/				
CHEDDAR	247,971	2.3	-0.1	1.6	SWEET-TYPE, HUMAN FOOD	7,065	0.2	28.5	---
SWISS	24,874	10.5	0.7	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	6,379	-8.7	-3.0	---	DRY WHEY, HUMAN FOOD	81,051	5.0	7.0	---
CREAM & NEUFCHATEL	64,890	-9.4	-3.7	---	DRY WHEY, ANIMAL FEED	5,136	-19.6	-19.3	---
HISPANIC	14,078	10.9	-4.1	---	DRY WHEY, TOTAL	86,187	3.1	4.9	1.4
MOZZARELLA	251,798	0.9	3.6	3.4	REDUCED LACTOSE AND MINERALS				
OTHER ITALIAN TYPES	66,022	3.7	-2.5	6.1	HUMAN FOOD	3,364	37.1	25.2	---
TOTAL ITALIAN TYPES	317,820	1.4	2.3	4.0	ANIMAL FEED	4,109	11.0	5.3	---
ALL OTHER TYPES	21,267	-13.7	-6.0	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	56,740	2.4	11.8	---
TOTAL	761,486	0.9	0.4	2.7	WHEY PROTEIN CONCENTRATE				
COTTAGE CHEESE, CURD 3/	37,308	1.5	-2.1	---	HUMAN FOOD 7/	27,677	11.9	-0.1	---
COTTAGE CHEESE, CREAM 4/	29,091	-4.0	-5.0	-2.1	ANIMAL FEED 7/	4,154	-13.1	2.7	---
COTTAGE CHEESE, LOWFAT 5/	31,662	3.5	-4.6	-0.1					
CANNED EVAPORATED & CONDENSED					FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
WHOLE MILK	39,238	-13.0	-2.9	---	ICE CREAM (HARD)	61,809	4.6	-10.0	5.2
DRY WHOLE MILK	2,043	-52.3	-11.9	---	ICE CREAM, LOWFAT (HARD)	8,066	2.1	-11.5	---
NONFAT DRY MILK, HUMAN FOOD	89,186	6.4	21.0	-17.1	ICE CREAM, LOWFAT (SOFT)	18,457	-5.2	-10.1	---
DRY SKIM MILK, ANIMAL FEED	335	-40.7	-19.3	---	ICE CREAM, LOWFAT (TOTAL)	26,523	-3.1	-10.5	-3.8
DRY BUTTERMILK	4,433	19.6	2.7	---	SHERBET (HARD)	3,422	-0.3	-20.5	9.1
					YOGURT (TOTAL)	4,218	-10.4	-10.1	-8.7

MANUFACTURERS' STOCKS, END OF MONTH 8/							
PRODUCT	NOV 2005	PERCENT OF:		PRODUCT	NOV 2005	PERCENT OF:	
	1,000 LBS.	NOV 2004	OCT 2005		1,000 LBS.	NOV 2004	OCT 2005
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	33,806	-6.2	2.6	HUMAN FOOD	24,438	-4.5	3.9
DRY WHEY, ANIMAL FEED	3,761	-20.8	-4.5	ANIMAL FEED	2,575	-33.3	3.7
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 9/	3,848	-30.9	13.4	CANNED EVAPORATED & CONDENSED WHOLE MILK	40,488	7.9	-40.1
LACTOSE, HUMAN FOOD & ANIMAL FEED	51,280	-28.5	1.5	NONFAT DRY MILK FOR HUMAN FOOD	89,659	-5.4	1.2
DRY BUTTERMILK, TOTAL	10,657	40.8	14.3				

1/ 2005 cumulative as percent change of 2004 cumulative. 2/ Includes Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. Does not include sweet-type, animal whey. 7/ Whey Protein Concentrate, 25.0 to 89.9 percent. 8/ Stocks held by manufacturers at all points and in transit. 9/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (1-06), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JANUARY 2 - 6, 2006			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 12/30/05	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	-0-	31,817,269	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	31,817,269	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JANUARY 2 - 6, 2006 =	0.0	0.0	COMPARABLE PERIOD IN 2005 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2005 =	0.0	0.0	CUMULATIVE SAME PERIOD LAST YEAR =	7.0	370.4
CUMULATIVE JANUARY 2 - 6, 2005 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2005 =	60.2	3,233.1

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/05 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
CENTRAL	-0-	-0-	-0-	-0-	-0-	1,331,567	-0-	4.2
WEST	-0-	-0-	-0-	-0-	-0-	29,415,099	-0-	92.4
EAST	-0-	-0-	-0-	-0-	-0-	1,070,603	-0-	3.4
TOTAL	-0-	-0-	-0-	-0-	-0-	31,817,269	-0-	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 12/17/05 & Comparable Week 2004

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1
2005-Dairy	N.A.	0.5	6.1	2.9	15.9	2.3	0.5	N.A.	15.9	1.8	47.2	2,215.0
2004-Dairy	N.A.	0.8	7.9	3.0	18.7	4.8	1.2	N.A.	13.5	3.3	54.4	2,305.6
2005-All cows	N.A.	0.5	7.6	11.7	31.4	15.8	13.3	N.A.	18.2	2.3	104.3	4,688.6
2004-All cows	N.A.	0.8	9.8	11.8	33.1	15.4	13.3	N.A.	15.4	6.1	109.3	4,960.4

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA. 1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14

FEDERAL MILK ORDER CLASS PRICES FOR 2005 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN 2006
I 1/	16.65	13.79	15.43	14.13	14.80	13.62	13.89	14.44	13.70	14.27	14.56	13.57	13.38
II	13.04	13.36	13.25	13.24	12.78	13.06	13.79	13.95	14.35	14.25	13.49	13.22	
III	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37	
IV	12.52	12.74	12.66	12.61	12.20	12.33	13.17	13.44	13.75	13.61	12.90	12.57	

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm05/mib/cls_prod_cmp_pr.htm